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SUBJECT: TURKMENISTAN'S OIL AND GAS CONFERENCE "THE WORST
EVER"

Summary

11. (SBU) Ashgabat's 11th annual oil and gas conference yielded few surprises for delegates who, generally, were disappointed with the conference. With a proclaimed emphasis on international cooperation opportunities, presentations attempted to lure foreign firms to Turkmenistan's Caspian Sea waters with claims of 11 billion tons of oil and 5.5 trillion cubic meters of natural gas resting offshore. Amidst plans for natural gas reservoir development and in place reserve estimates of 22.6 trillion cubic meters, Chinese firms remain active in Turkmenistan's oil and gas sector. End Summary.

Gathering the Oil and Gas Faithful

12. (U) Under the aegis of the Ministry of Oil and Gas and the Chamber of Commerce, Ashgabat hosted the 11th international "Oil and Gas of Turkmenistan" conference September 20-21. Oil and Gas Minister Gurbanmyrat Atayev presided over many sessions of the conference, which drew approximately 600-800 people to the opening session. Roughly a third to one-half of the attendees failed to return for the second morning session. As a result, vacant seats in subsequent sessions were filled with students and other recruits.

13. (SBU) Most speeches resonated with praise for previous oil and gas sector developments and past cooperation during the Soviet era. Among the more detailed presentations, a top tax official failed to provide fresh insights into the Petroleum Law, under which foreign firms operate in Turkmenistan's oil and gas sector. Ukrainian speakers, led by First Deputy Minister of Fuel and Energy (and former ambassador to Turkmenistan, serving a record ten years from 1995-2005) V. P. Chuprun, stressed historical ties between Ukraine and Turkmenistan and heaped great praise on Turkmenistan President Niyazov and his book, the Ruhnama. Ukrainian Embassy Counselor Olha Timush later expressed her doubts to emboff that the Ukrainian speeches would spark a future natural gas deal directly between Ukraine and Turkmenistan.

Glimmers in the Caspian Sea

14. (SBU) In contrast to the general nature of most speeches, State Agency on Caspian Sea Issues Hoshgeldy Babayev encouraged offshore development activities with foreign firms

in his detailed overview of prospects in Turkmenistan's waters in the Caspian Sea. Citing the 120 wells drilled in Turkmenistan's waters and seismic studies conducted "by Turkmenistan explorers from 1956 to 1994" covering 77,000 linear kilometers, Babayev claimed Turkmenistan's waters held 11 billion tons of oil and 5.5 trillion cubic meters of natural gas. In a subsequent discussion with emboff, a Buried Hill representative, whose firm has the rights to develop the Serdar concession along the disputed sea boundary between Azerbaijan and Turkmenistan, disagreed with Babayev's characterization of available survey data. "We are conducting research," he said, "but the old survey data are in Azeri hands, and they are not sharing survey information with Turkmenistan."

15. (U) Citing offshore operations by Dragon Oil, Petronas and Maersk Oil/Wintershall, Babayev highlighted Turkmenistan's plans to license a total of 30 offshore blocks through production sharing agreements (PSAs). (Note: Wintershall is apparently in the process of acquiring offshore blocks 11 and 12 from Maersk. End Note.) Babayev claimed that more than 20 foreign firms had received data packages or supplementary seismic information, and noted that six firms, including companies from Canada, Germany, the Netherlands and Russia, were discussing PSAs with Turkmenistan. Although Russia's Lukoil, Ukraine's Naftogaz, Malaysia's Petronas and Russia's Gazprom had large exhibits on the sidelines of the conference, no major western energy concerns participated in the exhibit.

Spotlight on Gas

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16. (U) State Gas Concern "Turkmengaz" Chairman Bagtyar Hajygurbanov claimed that Turkmenistan's in place natural gas reserves amounted to 22.6 trillion cubic meters. He added that up to 100 natural gas wells would be overhauled annually. A few days later a Chinese engineer appeared on a local television station and announced that his firm was rehabilitating 40 wells at the massive Dovletabad field in southwestern Turkmenistan. Hajygurbanov outlined planned annual production figures of 4 billion cubic meters (bcm) for the Garabil-Gurukbil fields (near Dovletabad), 40 bcm for the Yoloten field and 30 bcm for fields on the right bank of the Amu Darya. (Comment: The Amu Darya figure matches nicely with pledges made to China regarding future natural gas supplies. Chinese activity in Dovletabad, however, could presage the utilization of other fields to meet the Chinese quota. End Comment.)

Reality Check

17. (SBU) At a British embassy reception following the conference, veterans of previous Ashgabat oil and gas conferences declared the content of this year's event to be "the worst" they have seen. A visiting British advisor expressed total disappointment with the conference, while a Total Oil representative ascribed the lack of content to possible "incompetence" among many speakers. Another western attendee remarked that Minister Atayev dodged several questions she had submitted, and noted that Atayev's assistant told her "to read the newspaper for answers" to her questions. A speaker, who raised Atayev's eyebrows with his presentation on alternative uses for sulfur, had difficulty identifying useful components of the conference.

Comment

18. (SBU) While the conference made excellent fodder for Turkmenistan's media outlets, the conference did not appreciably advance the stated goal of outlining "priorities for development and international cooperation opportunities"

as planned by the organizers. Speakers seemed reluctant to build on their prepared remarks and virtually ignored the recent Gazprom natural gas deal and natural gas pipeline expansion as possible talking points for future international cooperation. Although government figures on reserves are questionable, they provide a yardstick for the upper limits of Turkmenistan's actual reserves. Embassy did not sponsor a booth this year, for the first time in years and is unlikely to do so in the future. End Comment.

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